Digital Transformation of Micro-Enterprises in Ghana

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28th November 2022
Introduction

• COVID-19 impacted many areas of business and social life

• Like other businesses, micro-enterprises—such as street vendors, small-holder farmers and retailers—were faced with lockdowns and the tension between trading and exposing themselves to COVID-19, or not trading and having no income

• Thus, we set out to provide evidence of how micro-enterprises were able to adjust and improvise forms of online commerce to maintain their business operations or even thrive during COVID-19
Research Questions

• How can micro-enterprises digitally transform their businesses?

• What unanticipated benefits and challenges are experienced by micro-enterprises that digitally transform?

• What support is needed from the government and the FinTech sector to help micro-enterprises digitally transform?

• A unique aspect of our research is that it takes a multi-level perspective to fully understand how changes at the level of micro-enterprises occur due to the role of government, FinTech firms, technology firms, and multinational network operators in contributing to their digital transformation.
Methodology

• We adopted a qualitative research design (Klein & Myers, 1999) which is well suited to how and why research questions to explore the complexities underlying a multifaceted and intrinsically complicated phenomenon.

• Our data relies on in-depth semi-structured interviews with several groups of actors in Ghana: micro-enterprises, government agencies, and technology firms that develop and offer services such as mobile money applications and infrastructure.

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<th>Organization type</th>
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<th>Interviews</th>
<th>Purpose</th>
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<td>Examine the specific ways in which digital resources were used</td>
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<td>Total</td>
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Methodology: Case Background
Findings: Digital transformation

- Occurs across three pathways:
  1. Resource mobilization through the constitution of digital resources over time
  2. Resource combination through digital/non-digital configurations, and
  3. Resource deployment through a specific way of using these resources. Based on the findings, we develop an initial process model of digital bricolage that advances the understanding of digital transformation of micro-enterprises.

- We refer to the process of digital transformation of micro-enterprises as *digital resource bricolage*.
Findings

DT outcomes:
- increased customer base and sales,
- improved operational efficiency,
- flexible working arrangements and
- reduce overheads

Model of Digital Transformation of Micro-enterprises
Implications

• Digital transformation of micro-enterprises can be an organic form of bottom-up development driven by agency and entrepreneurial activity

• Digital resource bricolage is a dynamic strategy adopted by some entrepreneurs that helps them to overcome environmental limitations and adapt during COVID-19

• Digital transformation has several taken-for-granted advantages for micro-enterprises during COVID-19. The technologies they rely on are used in everyday contexts, are easier to handle, take up less physical space, are low-cost or free and tie into societal behavioural shifts

• Digital transformation of micro-enterprises, especially during COVID-19 has demonstrated their value and the government is now keen to formalise their operations for taxation purposes

• Digital transformation practices (e.g., fee caps, increased transaction limits) as a result of COVID-19 have become norms
Recommendations

• Micro-enterprises
  – Micro-enterprises should deliberately pursue digital transformation else digital resource bricolage could become a trap that restricts their growth

• Government/Policy Makers
  – Post-pandemic measures especially the removal of the fee waiver and introduction of an electronic levy on digital payments could erode the gains made in building resilient micro-enterprises, and thus the outcomes of this on micro-enterprises should be monitored

• Technology Firms
  – There is a need for the technology sector to critically consider micro-enterprises as one of its key focuses because this will ensure that micro-enterprises have dedicated digital technologies (e.g., mobile payments, mobile loans and other relevant systems) specifically tailored to their needs
Conclusion

• This study was motivated by the need to better understand how resource-poor micro-enterprises in developing countries adapted to COVID-19 and in some instances thrive.

• We examined how micro-enterprises in Ghana were able to leverage, and combine, a range of low-cost or free digital technology—such as WhatsApp, Instagram and mobile money—to fundamentally re-imagine their business, whilst keeping in line with their resource constraints and managing the impact of COVID-19.

• We provide actionable recommendations on how micro-enterprises can transform with digital technology to be more resilient to future contingencies as well as find new opportunities.
Thank you for listening

We welcome your feedback and questions
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